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FM AMEMBASSY ALGIERS
TO RUEHC/SECSTATE WASHDC 6085
INFO RUEHBP/AMEMBASSY BAMAKO 0624
RUEHEG/AMEMBASSY CAIRO 1049
RUEHFR/AMEMBASSY PARIS 2793
RUEHRB/AMEMBASSY RABAT 2426
RUEHTRO/AMEMBASSY TRIPOLI
RUEHTU/AMEMBASSY TUNIS 7281
RUEHNK/AMEMBASSY NOUAKCHOTT 6446
RUEHNM/AMEMBASSY NIAMEY 1666
RUEHCL/AMCONSUL CASABLANCA 3479
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

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SENSITIVE
SIPDIS

CAIRO PASS TO TREAS ASEVRENS AND OTA JROWE
EUCOM PASS TO TREAS OTA CKELLY
STATE PASS TO OPIC DERB

E.O. 12958: N/A
TAGS: [EFIN](#) [EINV](#) [ECON](#) [AG](#)
SUBJECT: ALGERIA FREES UP PUBLIC LAND FOR DEVELOPMENT

REF: ALGIERS 385

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¶11. (U) SUMMARY: Algeria has moved to free up industrial and commercial property for private development by auctioning parcels of land in the growing community of Blida, near Algiers, a move Industry Minister Abdelhamid Temmar called a "micro-revolution." The newly-formed National Agency for Land Regulation and Transfer (ANIREF) plans for more public auctions and property sales across the country to help alleviate the real estate crunch that drives up both residential and commercial real estate prices and hampers industrial development. If successful, these moves could help spur commercial investment in Algeria, both domestic and foreign, by reducing a key obstacle to locating new businesses here. END SUMMARY.

NEW AGENCY AUCTIONS PUBLIC PROPERTIES

¶12. (U) On June 30 ANIREF auctioned seven parcels of commercial land in Blida, a growing industrial and residential community amid farmland just outside the southwest edge of metropolitan Algiers. Ahmed Saddi, Chief of Records and Statistics and acting Director of Investor Relations for ANIREF, told us on July 7 that all seven parcels were purchased by Algerian investors, while four additional parcels that were up for auction went unsold. According to Saddi, ANIREF has already opened six of ten intended regional offices to manage the conversion of publicly-owned commercial lands to private use. Saddi said his agency will conduct public auctions like the one in Blida for plots in or near major metropolitan areas, where demand is high and the need for transparency greatest. ANIREF will publicly list properties in more rural or remote areas for sale, much like the traditional method for home sales, and the agency will accept offers it deems best suited for the situation. Saddi also noted that ANIREF is developing a database of public lands to be transferred to private hands, which should eventually be accessible on the agency's website. The site already lists properties for sale in Blida.

¶13. (U) In the Blida auction, only individuals or entities deemed to be "project investors" were qualified to bid. The

auction notice specified that both national and foreign investors were welcome to bid. Saddi told us that ANIREF will be transferring three basic types of properties: plots in government-designated industrial zones; "residual" plots, meaning those associated with a dissolved state-owned enterprise; and "excess" plots, referring to parcels owned by state enterprises but not in use. Land transfers from ANIREF do not necessarily convey permanent title to bid winners. Of the 11 parcels up for auction in Blida, 10 were "concessions," offering long-term rights to develop and use a plot for industrial or commercial use, with installment payments made over 20 years. One plot up for auction was an actual "transfer" property, giving the buyer outright title. In general, Saddi said, concession parcels already have buildings on them, while transfer properties tend to be empty lots. In Blida, the opening bid price for the concession properties ranged from USD 15,000 to USD 280,000 per year for 20 years, while the minimum bid price for the transfer property was roughly USD 150,000. The results of the auction were published on the ANIREF website, and the final price paid on the seven closed deals ranged from 130 percent to 300 percent of the opening bid price.

MINISTERIAL PRIDE

¶4. (SBU) In a meeting with Codel McCollum on June 30 (septels), Minister of Industry and Investment Promotion Abdelhamid Temmar highlighted the Blida auction as proof that Algeria was moving forward with land reform. He admitted that land acquisition was often a stumbling block for the

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creation of new businesses and a deterrent to foreign investors looking to Algeria. Temmar also said that the bottleneck over property acquisition for American company Guardian Industries, which is interested in manufacturing windshields and possibly other glass products for domestic use and export, has been resolved. A Guardian executive told us on July 7 that, in fact, the government has offered the company two parcels in the Oran area to consider for the site of their factory, and that Guardian will shortly dispatch engineers to conduct site surveys.

COMMENT: MUCH NEEDED RELIEF

¶5. (SBU) As we reported earlier this year (reftel), land use policies and titling problems, combined with a high rate of public ownership of land and rampant real estate speculation, have limited access to and driven up the cost of both commercial and residential properties in Algeria, particularly in urban centers. This first successful auction of commercial property by ANIREF proves that there is not only a demand for these plots, but that investors are willing to start or expand industrial or other commercial enterprises in Algeria. We heard from a delegation of American businessmen in April that the major obstacles they saw to investing in Algeria were government bureaucracy, archaic financing rules and procedures, and limited access to commercial property. Minister Temmar may be right in boasting that his ministry, which established and oversees ANIREF, has taken a step forward toward real investment promotion in Algeria by opening up state-owned properties to private ownership, or at least to private management.

DAUGHTON